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## THE SCHOOL SAVINGS BANK

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One of the most glaring defects in our educational system is the lack of any general and systematic training in the practice of thrift. We are teaching morality and hygiene, household economies and the best methods in agriculture, but we are failing to teach practical thrift, the one virtue that is so much needed in this country today. No duty more urgent or necessary has grown out of the world-war than that of making a serious and continuous effort through all of our educational institutions to teach the lesson of thrift. It is only through education that we can become a thrifty nation. The nation of tomorrow will be no greater than the truth which we are teaching our pupils today.

The school savings bank is a simple, easy, and practical means of making thrift a part of our educational system. It should be organized in the elementary school, and the child should be encouraged to save his pennies as soon as he enters school, and be given the opportunity to continue to save as long as he remains in school, even through the high school. Many high schools have established school banks in connection with their commercial departments.

The value of the school savings bank is being more and more recognized by leading school men. Though it has been in existence for a long time, the plan has not made the headway in this country which its importance deserves. In France, Belgium, England, Scotland, and parts of Germany, the school bank is a well-established and important educational institution.

The first school savings bank was organized at Goslar, Germany, in 1820. It was introduced into France in 1834, into Belgium in 1866, and still later into England, Switzerland, Italy, and other European countries. It was introduced into this country by John Thiry, who instituted a school savings system, patterned after the plans followed in Europe, in the public schools of Long Island City,

New York, in 1885. Today it is being used in more than three thousand different school systems throughout the United States.

The school savings bank is no longer an experiment, but a vital educational and economic factor. Over eighty-five years of successful operation in Europe and thirty-five years of trial in the United States have led to its recognition by thoughtful educators as a most valuable adjunct to public education, practical in operation and eminently successful in results. The threefold benefit of the school bank—to the child, to the school, and to the state—is forcing the movement to assume national scope and will bring about its widespread influence in the near future. Nearly \$4,000,000 was saved and deposited in school savings banks by the school children of the United States during the school year 1920-21, as compared with \$2,800,000 in the preceding school year; and the number of depositors increased from 462,000 to 666,500 in schools having a total enrolment in the two years respectively of 1,015,000 and 1,479,600, according to the annual tabulation of the Savings Bank Division of the American Bankers' Association. The state of California ranks first in the amount deposited in school banks, having \$1,123,582 on deposit and 39,759 depositors.

What is a school savings bank? In general, a school savings bank is said to exist where a teacher collects or receives the savings of the pupils in her room. There are three general methods of collecting and banking the children's savings. One deals with the money direct; cash received from the pupil is credited on a card arranged for the purpose. The card is returned to the pupil as a memorandum and receipt, and the amount is also credited on the account or roll book by the teacher or whoever is responsible for the money collected. A second type is the stamp or exchange system, where the pupil is given a stamp equal in denomination to his deposit, which he may take to the bank and get cash or credit in return. A third plan is that with the automatic receiving teller which is very similar to the gum slot machine.

From these three general types numerous other plans have developed in recent years. The following plans or systems are in use in the United States: pass book, stamp card, punch card, Thiry, Educational Thrift Service, the Uplifthrift System, Rieman, certificate, envelope, and the automatic receiving tellers.

It is difficult to determine which of these plans is the best, as each is rendering very efficient service in the locality in which it is used. A given plan may be good for one particular locality, while another plan would be better for another locality. The success of a school savings bank depends not so much upon the system used as upon the persons using the system. There is no system that will be a success without the human touch back of it. Thrift cannot be taught merely by devising a system and expecting the system to work itself. Someone has to work the system.

Any school savings bank plan to be successful must be easily understood by the young children, light in its demands on the time, money, and skill of its managers, and attractive to the children, teachers, and parents. Some plans are very dependent on the services of the local banks, which, on account of the labor involved in booking many small accounts, often refuse deposits of less than one dollar and sometimes require regular deposits, with interest beginning only when several dollars have been deposited. This results in the opening of but few accounts by the children, to whom a dollar is an immense sum, acquired only after weeks of saving.

Other schemes involve machines and mechanical saving devices which are complicated, costly to buy, and difficult for the children to understand. They are artificial in character, not like banking in the business world, and, being so impersonal, they seldom arouse the enthusiasm of the teachers and pupils, whose eager co-operation is necessary for any large success. Still other plans require cards, ledgers, bank books, checks, and rules which only the older children understand, which are expensive, and which arouse only half-hearted interest on the part of teachers and principals.

*Direct type or pass book.*—The direct type includes any pass book system of local origin. The equipment necessary for this plan is (1) signature card, (2) pass book, same as an adult's pass book with usual headings: deposited, withdrawn, interest, balance, and date, (3) deposit slip, (4) teacher's report, (5) principal's report, (6) stout manila envelope, (7) interest sheet, (8) withdrawal blank, and (9) a placard, "Monday is Bank Day" and on the reverse side "Today is Bank Day," to be hung in the room as a constant reminder of the school savings bank.

If a pupil desires to open an account with the school savings bank, he must receive from his teacher a signature card, which when properly filled out is returned to the teacher to be sent to the bank.

A certain day is declared bank day, preferably the first period Monday morning, when the children bring whatever sums they wish to deposit, with their pass books and their deposit slips properly filled out, to their teacher, who credits each pupil in his bank book for the cash received and returns the pass book to the pupil as a memorandum and receipt. The teacher also enters the account on her report, a carbon copy of which she retains. When all of the deposits have been received by the teacher, she puts the money, deposit slips, and her report in a large envelope and marks on it the amount received, the number of the room, and the name of the teacher, then seals and takes it to the principal, who assembles the deposits from the several rooms upon his deposit list, which is sent with the money to the bank. The principal also retains a carbon copy of his report.

In some banks each pupil is treated as an individual depositor with a separate account on the bank ledger, as if he were an adult. On receipt of the money from the principal, the bank clerks credit the accounts of the individual pupils with the amount turned in. It is not necessary for the pupils' pass books to be brought to the bank except in the case of withdrawals.

Other banks require the pupil to have a certain amount on deposit before they will open a separate account for him. It is usually one, two, or three dollars. Only even dollars are transferred. The money sent to the bank by the principal is deposited as one sum either in the principal's name or in the name of the school. At stated times the teachers examine the pupils' pass books, and all balances showing the amount required by the bank are charged to the pupils and entered on a transfer list which is sent to the principal and by him to the bank, where accounts are opened in the names of the pupils. The odd cents remaining on the pupils' pass books are held over until even dollars are accumulated.

*The stamp card.*—The operation of the stamp card system is very similar to that of the pass book system. The pass book,

deposit slip, teacher's report, withdrawal blank, and signature card are the same as those used in the pass book system. The use of the stamp card is the principal difference.

Once a week on bank day the children are encouraged to bring to school such sums of money as they wish to save, from one penny upward. The teacher collects the money and gives each child in exchange an adhesive stamp equal in denomination to his deposit, which is pasted on the child's folder. The teacher also records the pupil's name and the amount deposited.

When the pupil makes his first deposit, he is given a stamp card or folder by the teacher which has spaces for a certain number of stamps, usually fifty. When the folder is filled, the child takes it to the bank and either gets his money or uses this folder to start a savings account in his own name. As soon as he has filled one folder, he receives another from the teacher. In most banks the folders are cashed only upon a written order to the bank signed by the parent or when presented by the parent.

At the beginning of the year the teacher is furnished with a definite number of stamps, usually five dollars worth, which are charged to her. The collector from the bank visits each school on bank day, which is once a week, and gathers in the pennies which the teacher has received from the pupils and gives her the same amount in stamps so that she always has on hand the same amount of stamps.

This system is modified to some extent by different cities. In the San Francisco schools the teacher collects the pupils' savings and makes out her report showing the name of each pupil depositing and the amount deposited. She places the money and her report in duplicate in a bag, furnished for this purpose, and hands it to the principal. During the day a representative of the bank calls upon the principal, checks up the reports of the teachers with the amount of money turned over by the principal, and receipts for the same, at the same time handing to the principal the equivalent in stamps. The principal then returns to the teacher her duplicate report accompanied by stamps to the amount called for. The teacher then distributes the stamps to the pupils, who affix them to their folders. By this method both the principal and the teacher

avoid the responsibility of keeping the money of the pupils in their possession and accounting for stamps.

The San Francisco system uses only one-cent stamps and when the folder has been filled the child has saved fifty cents, which is then accepted at the bank as a deposit and the entry is made in the child's pass book. No withdrawals less than one dollar are permitted but in event of removal from the school district a partially filled folder will be redeemed by the bank upon an order from the principal. Neither the school authorities nor the bank are responsible for folders or partially filled folders which may be lost, stolen, or destroyed.

In the operation of the school savings system of the Bank of Italy in San Francisco and throughout California, its representatives travel 1,250 miles every week, in the course of which over 300 schools are visited with an enrolment of 80,000 children. Of this number, 27,500 boys and girls have on deposit at this time \$850,000.

The Oakland, California, system has modified the original plan by issuing certificates of deposit at the school for amounts from one to twenty dollars, the bank being protected by the duplicate which the collector files at the bank.

In Minneapolis, the collectors can redeem partially filled folders upon one week's notice and with the consent of the parent.

Under the St. Paul system, the bank employs five collectors who receive deposits directly from the children and attach the stamps as receipts therefor. Withdrawals may be made from the collector after one week's written notice by the child and a parent. A withdrawal of less than fifty cents is not permitted.

In the Norfolk, Virginia, system, operated as a board of education project, a five-cent stamp is used. Fifteen cents opens an account, ten cents being the cost of the stamp book. Each page contains twenty blanks, also blanks for one-dollar stamps which are without monetary value but dated to show when interest begins. Interest is paid semiannually at a rate determined by the officers of the school board on the uncanceled dollar stamps remaining in the book during the entire interest period. On interest day the principal calls in all stamp books containing the dollar stamps which have earned interest and places on the face thereof a smaller

interest stamp of contrasting color. Withdrawals are made by presenting the stamp book at the principal's office. When audited, a check in even dollars plus interest earned is issued. Withdrawals are allowed only upon the written approval of the parents.

*Automatic receiving teller.*—The automatic stamp machine is similar to the gum slot machine. The child puts his money in the slot and receives a stamp. These machines vend stamps of one-, five-, ten-, and twenty-five-cent denominations, each stamp being numbered and bearing the name of the bank which will credit the amount as a deposit when pasted on the stamp folder. The machine is placed in the hall or in the principal's office where every child in the school has access to it. A representative from the bank collects from each machine at a certain time, refilling it with stamps when necessary. It is advisable to collect each day as the machine is likely to be broken into at night.

The chief advantage of this machine is that no work whatever is required of the principal or teacher. No records are kept at school. No blanks have to be filled out. The business is done by the child, the machine, and the bank.

Pupils are allowed to withdraw their savings from the school savings bank, but in most cases restrictions are placed upon the withdrawal of any savings, the main purpose being to cause the child to leave his money in the bank and not draw it out without having a good reason for doing so. From the standpoint of intensive thrift training the withdrawal feature of school banking is most important, as it is in this department that a conscientious bank treasurer can instil the habit of conservation and self-denial and exercise personal supervision over the demands of the pupils. One of the best tests of an active, careful management of a school savings bank is an inspection of the amounts paid out to supply the personal needs of the depositors. A friendly inquiry, by the person in charge of withdrawals, into the actual purpose of each withdrawal is sufficient to reduce the number of withdrawals. Some banks require the pupil to have an interview with the president of the bank before he is allowed to withdraw any of his savings. In a very large percentage of the cases where the pupils are required

to talk to the president they are convinced that it would be better to leave their money in the bank than to draw it out for the purpose that they had in mind.

The Alameda High School, Alameda, California, is perhaps the only school in the United States which is giving credit toward graduation for the practice of actual thrift. This gives school credit to all students registering for thrift who comply with the following conditions: (1) Keep an accurate and acceptable account of all receipts and disbursements during the term. (2) Deposit regularly in the savings system. (3) Have on deposit at the end of the term at least 10 per cent of the total receipts. (4) Prepare a satisfactory essay on some practical thrift subject. While the credit given is small, it is sufficient to keep a considerable percentage of the high-school students in the ranks of the active savers.

The following principles seem to be basic for the success of a school savings bank, regardless of the system used:

1. The school savings bank should be operated just as nearly like a real bank as conditions permit, using the same forms and customs so that the child will not have anything to learn on leaving school.

2. Each local system should have the advice of the local bankers, who should not only furnish the supplies but also stimulate the entire operation.

3. School savings banking is an educational project which relates vitally to the country's welfare. It must be considered as a public service. Every banker engaging in the work must feel that the public service is needed and that success depends more on the support and energy which he contributes than on the system or method used.

4. An enthusiastic principal can interest his teachers in school savings by a proper appeal to their professional responsibilities. However, the teacher should be made a supervisor rather than a mere clerk.

5. Pupil enthusiasm is not difficult to generate. The economic advantages of the work can be explained in greater detail as the children mature.

6. Immediate deposit of the money in a bank is very important.

7. All deposits should begin to draw interest as quickly as possible in order to stimulate interest in the work.

8. Each pupil should be encouraged to acquire a pass book which will give him standing at the bank, for this causes the child to have a much greater interest in his savings.

9. Withdrawals should be restricted but should not be made impossible.

10. Each bank should have a teller's window, labeled for school deposits, where the children will feel at home.

11. School savings banking should be co-ordinated with the regular school subjects in teaching thrift. It is the real foundation for thrift teaching.

12. A system should not be installed that is so simple that the children do not receive proper training, and records should not be kept that are insufficient to provide protection for the funds.

In many of the states the banking laws are such that they must be amended before the school bank can be introduced into the schools. The banking laws of Massachusetts, Connecticut, New York, Minnesota, Utah, and several other states have been amended to provide for school banks.

After the school savings bank has been made legal by the state legislature, the first step in introducing it into a school system is to interest the school board in the movement and secure their consent, or, better yet, to get them to take the initiative and proceed with the organization by interesting a local bank or banks and getting them to consent not only to handle the school savings deposits but to give their support and hearty co-operation in stimulating the movement. The success of the school savings bank will largely depend upon the influence and energy which the banker or bankers put into the work. Most bankers can be interested in the movement.

The next step is to decide upon the system to be used. The simplest system should not be chosen or the one which is represented to be of the least labor to the pupils and to the school authorities. If the school savings bank is to be given a place in the school system as an educational project, the system that has the best

educational features and affords practice in business operations for the pupils should be used.

After the system has been chosen and the necessary equipment and supplies have been obtained, the next step is to interest the teachers, parents, pupils, and the community as a whole in the movement.

It is very important that the teachers have the proper attitude toward the work, for upon the teacher more than upon anyone else depends the success of the plan. It may be said that the beneficial results of the school savings bank are directly proportional to her interest and enthusiasm. If the teacher is enthusiastic, there will be an increase in the amount of deposits as well as in the number of depositors. If she is indifferent, a corresponding decrease will be noticeable.

If it is made clear to the teachers that the main purpose of the school savings bank is to inculcate in the children the habits of thrift and that thrift is one of the essentials of good citizenship and that it is just as important to teach thrift as it is to teach any of the regular school subjects, the teachers in most cases will be in sympathy with the movement and will be willing to put forth their best efforts to make it a success. If the principal appeals to the professional responsibilities of the teacher, she will usually be interested in the work and will feel that it is an important part of her regular duties. A meeting of the teachers should be held previous to the date of starting, and they should be thoroughly informed as to the part that they are expected to take. They should be encouraged to make small deposits regularly because of the influence on the pupils. They should make the school work in connection with the system as orderly and as business like as possible. They should consider the school bank as a part of the curriculum and as capable of educational application as any of the subjects of instruction.

It is very important that the parents thoroughly understand the system and its purposes and that they be interested in the work, because the success of the plan will depend largely on the encouragement given by the parents to the children to save and deposit their pennies in the school bank.

Several days before the date set for the opening of the school savings bank, a circular soliciting their co-operation should be sent to the patrons and friends of the school, which should explain the purpose of the system, the practical working of the plan, its advantages, how it has succeeded in other schools, and when it will be put into operation. In soliciting the co-operation of the parents it should be emphasized that it is not desired to place any burden upon the parents for the maintenance of the system, but that the saving of small amounts which result from the industry of the children is of more value than the saving of larger amounts which are given outright to the children by their parents.

Most superintendents who are using the school savings bank report that the parents, with few exceptions, approve of school banks and that they see the advantages of encouraging their children to start and continue depositing their savings.

Of course, it is essential to interest all of the pupils in the school in the plan. As a rule, this is easily done. A few days before the opening of the bank, the superintendent, principal, or teacher, should tell them of the benefits which will result from learning habits of thrift and of the harm that may come from spending their money for worthless things. Examples from the lives of the great men of our country who are noted for their thrift may be profitably cited. The details of the plan to be used should be thoroughly explained, and each and every child should be not only invited but urged to bring at least a penny on the morning set for banking day.

In summarizing the advantages of the school savings bank, it may be said that it forms habits of self-denial, industry, thoughtfulness, frugality, prudence, economy, and thrift. It tends to prevent pauperism, crime, prodigality, and various vices and to make the children thrifty, orderly, economical, and discriminating in the use of money. It is a great factor in building character and in preparing children for their future duties as citizens and home-makers. Good habits and good accounts are desirable assets.

Practically all of the principals answering the questionnaire sent out in making this study reported that the banks are exerting a good influence in their schools, that the children are taking a

real interest in them, that it is not necessary to resort to any special means to keep up the interest, and that many of the children are saving with definite objects in view.

It was reported that thrift among the pupils is being promoted, and a number of the principals mentioned that less gum and candy is being purchased. Nearly all of the principals consider the banks helpful in character-building, and the majority think the vocational features valuable. Almost without exception, they consider the training in business and banking methods and the use of banking forms of value; the system is teaching care and accuracy among the pupils operating the banks. A surprisingly small number of errors is made, and only an occasional pass book (the evidence of deposit) is lost.

The great majority of the principals stated that the plan does not interfere with the regular school work and that it takes a comparatively small amount of the time of the teachers. A number said that the teachers consider the experience they gain in supervising the work of the bank valuable to them.

The attitude of the parents was reported to be favorable, and a number of instances were reported where parents and older brothers and sisters of the pupils are saving through the medium of the school bank.

Every one of the principals said that the plan is very much worth while.